

**Utah Insurance Department  
Content Standards  
Individual Variable Annuity including Registered Modified Guaranteed Annuity  
(Single and Flexible Premium Deferred)**

NOTE: These Standards are provided to assist the insurer in filing forms and filing documents. The standards are not intended to be all-inclusive and are a work in progress. References beginning with "31A" refer to the insurance code as part of Utah Code Annotated (U.C.A.) and those beginning with "R590" refer to department rules as part of the Utah Administrative Code (U.A.C.). The comments are a brief synopsis of the referenced material and do not contain all requirements or exceptions. All references should be reviewed for compliance. As required by U.C.A. § 31A-21-201(2), the insurer is responsible for assuring that forms and rates submitted are in compliance with the Utah Insurance Code and Rules. Fixed interest sub-accounts in variable annuity contracts are subject to Utah's Standard Nonforfeiture Law for Deferred Annuities (31A-22-409).

REVIEW REQUIREMENTS	REFERENCE	COMMENTS
<b>FORM FILING REQUIREMENTS</b>		
File and Use of Forms	31A-3-103, 31A-21-201, R590-86 & Bulletin 99-7	"FILED" means that a filing is submitted in accordance with applicable law, rule, or filing order; received by the department within the time provided in the applicable law, rule or filing order. Forms must be filed prior to use.
Annuity Contract, Application & Certificate	31A-21-101	Annuity contracts, riders, applications and certificates (a) delivered or issued for delivery in this state; (b) on property ordinarily located in this state; (c) on persons residing in this state when the contract is issued; and (d) on business operations in this state are subject to Utah Insurance Code and rules.
Annuity Contract and Filing Documents	31A-22-411, R-590-86, Bulletin 99-7	Submit a complete annuity contract including a data page and application along with filing documents, including an actuarial memorandum and demonstration, as required by filing rule and bulletin. All forms and documents must be completed with John Doe information representative of the intended market.
<b>GENERAL CONTRACT REQUIREMENTS</b>		
<b>COVER PAGE</b>		
Insurance Company Name	31A-21-201(3)(a)(iii) & 31A-21-301(1)(a)	The exact name of the insurer, the administrative office address, and state of domicile must be identified conspicuously on the contract and application.
Coverage Name, Description & Special Features	31A-21-201(3)(a) & 31A-22-411	The coverage name or title, a brief description of the coverage and any special features must be disclosed on the front page of the contract; i.e. flexible premium deferred variable annuity.
Contract Examination	31A-22-423(1)(a) & R590-93	An examination period of 10 days for new issues and 20 days for replacement policies must be prominently printed on the front page.
Full Refund of Premium	31A-22-423 (1)(a)	Full refund of premium must be provided upon return of the contract within the examination period.
Statement of Variable Benefits and Values	31A-22-411	The contract must conspicuously state that the benefits are payable on a variable basis, with a statement specifying where the details of the variable provisions are found in the contract.

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Form Identification Number	31A-21-201(3) & R590-86	A unique form identification number must appear on the form.
<b>SPECIFICATIONS PAGE</b>		
Interest Rates, Expenses, Charges	31A-21-201, 31A-22-411	All guaranteed interest rates, maximum expense charges, maximum surrender charges, and partial withdrawal charges, any initial guaranteed and subsequent interest rates, and any other factors that may affect the values must be clearly disclosed in the contract.
Maturity/Annuity Date	31A-21-201	The date annuity payments are scheduled to begin must be disclosed.
Sample Data	R590-86	The specifications page must be accurate and complete with data that represents the market. All filing data must be consistent with the actuarial memorandum.
Variability - (bracketed data)	31A-21-201, R590-86, Bulletin 99-7	Any information that is variable must be bracketed and must be explained in a statement of variability. Any change in the items listed within the brackets must be refiled prior to use.
<b>CONTRACT PROVISIONS</b>		
Annual Report	R590-133-5	The contract must provide for an annual report compliant with the minimum requirements in the rule.
Application	31A-21-201(3), R590-93-7 & R590-93-8	(a) Applications must contain a statement to be signed by the applicant and a statement to be signed by the agent as to whether or not he or she knows replacement is or may be involved in the transaction. (b) The application may not contain vague health questions without a time limit. (c) An application must be included in every contract filing where an application is used, even if only to gather information. (d) The application must contain the exact name of the insurer, its state of domicile, and the address of its administrative office.
Arbitration	31A-21-314 & R590-122	Permissible arbitration must have proper disclosure on the contract and the application. The provision may not deprive Utah court jurisdiction over an action against an insurer, except as provided in permissible arbitration provisions.
Assignment	31A-22-412	The owner of any rights in the contract may assign any of those rights. Assignment rights may be limited for compliance with federal regulations for tax-qualified money.
Claims Settlement	R590-191-4 & R590-191-5	All proceeds and claims settlements must be made in a timely manner. R590-191-4 establishes the minimum standards for prompt claim handling and requires that the company must act within 15 days of receipt of due proof of the death; and R590-191-5 requires payment of interest if the claim is not settled within 15 days or receipt of due proof of the death.
Cash surrender option	31A-22-411	Contract must clearly disclose the conditions for cash surrender.
Cash values	31A-21-201(3) & 31A-22-411	All variable investment options and features must be specifically described. The contract must contain a statement of the essential features of the procedure to be followed by the insurer in determining the dollar amount of the variable benefits.
Death Benefit	31A-22-411, 31A-21-201(3)(a)	Guaranteed death benefit amounts must be in compliance and must be clearly described including factors that may affect the death benefit, such as surrender charges, fees, loads, market value adjustments, and bonuses.
Deferral or Delay of Payment	R590-98	(a) The right to defer or delay payment of variable annuity payments when the value of investment

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of Values		assets cannot be obtained because the Securities and Exchange Commission (SEC) has restricted trading, the stock exchange is closed, or the SEC permits deferral to protect the policyholder must be in the contract. (b) Company must respond to a policyholder request for cash values within 20 days.
Definitions	31A-21-301(3) & 31A-22-411	All definitions must be complete and consistent throughout the form. The contract must define at least the death benefit, account value, cash surrender value, and annuity value, or terms of similar meaning. The tables and schedules of values may contain only those terms that are accurately defined in the contract.
Entire Contract Provision	31A-22-424	Entire contract provision must define the documents and agreements that constitute the entire contract between the insurer and the policyholder.
Fairness	31A-21-201(3)(a)	Form provisions may not be inequitable, unfairly discriminatory, misleading, deceptive, obscure, unfair, encourage misrepresentation, or not in the public interest. The contract may not contain inconsistent, ambiguous or misleading clauses, or contain exceptions and conditions that unreasonably affect the benefits purported to be provided in the general coverage of the contract.
Incontestability	31A-22-403	Incontestability provision must state that if the contract is contestable, it is incontestable after it has been in force during the lifetime of the insured for a period of two years or less. There is no exception for fraud.
Legal Actions & Limitation of Actions	31A-21-313 & 31A-21-314(3)	An annuity contract may not limit the time for beginning an action to earlier than 60 days after proof of loss has been furnished. An annuity contract may not contain a provision limiting the right of action against an insurer to less than three years from the date the cause of action accrues. The provision cannot prescribe in what court an action may be brought.
Loans	31A-22-420	A contract that develops cash values may provide for a loan provision. The contract must contain the conditions of a loan, if available. Loan interest may be based on a fixed interest rate or an adjustable rate of interest.
Market Value Adjustments	31A-22-411	Market Value Adjustment provisions in a Modified Guaranteed Annuity must be fair and equitable and must provide for increases as well as decreases. Use the NAIC Modified Guaranteed Annuity Regulation for guidance.
Maturity/Annuitization Date	31A-21-201, 31A-21-301(1)(f) & 31A-22-411	The maturity or annuitization date must be disclosed. The contract must state whether or not the policyholder can select or change the payout date. If the contract is tax-qualified, provisions must allow for compliance with withdrawal requirements of Internal Revenue Code.
Minimum Premium	31A-21-302	The contract shall state any minimum premium requirements.
Misstatement of Age or Sex	31A-22-405	The contract must state that if the age and/or sex of the insured is misstated in an application and the error is not adjusted during the person's lifetime, the amount payable is what the premium paid would have purchased at the correct age and/or sex.
Modification or Amendment of Contract	31A-21-106(2)	No contract, rider or endorsement may contain unilateral provisions that allow the company " <u>in its sole discretion</u> " to limit the policyholder's rights. The code states that a contract may not be modified unless the modification is in writing and "agreed to by the party against whose interest the modification operates". The code requirement applies to transfer provisions.
Nonforfeiture Values and	31A-22-411	Contracts that provide for payment of benefits in variable amounts must contain:

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Cash Surrender Values		<p>(a) A statement of the essential features used in determining the value of the variable benefits;</p> <p>(b) appropriate nonforfeiture benefits in lieu of those required by 31A-22-409;</p> <p>(c) appropriate reinstatement provisions;</p> <p>(d) appropriate grace period provisions;</p> <p>(e) a statement that the dollar amount may decrease or increase and that benefits are on a variable basis;</p> <p>(f) a provision that upon cessation of payments the contract will provide a paid-up annuity benefit described in the contract;</p> <p>(g) a provision that if the contract provides for a lump sum settlement at maturity or any other time, that upon surrender the company will pay in lieu of a paid-up annuity benefit a cash surrender benefit described in the contract;</p> <p>(h) a statement that a paid-up annuity, cash surrender or death benefits are not less than the minimum benefits required by any statute of the state in which the contract is delivered and an explanation of the manner in which benefits are altered by additional amounts credited, any indebtedness or any prior withdrawals or partial surrenders.</p> <p>See the NAIC Model Variable Annuity Regulation for guidance.</p> <p>NOTE: A fixed sub-account in a variable contract is subject to Standard Nonforfeiture Law for Deferred Annuities, U.C.A. § 31A-22-409.</p>
Proof of Loss	31A-21-312	Proof of loss provision must allow the insured or claimant to file the notice and/or proof of loss as soon as reasonably possible. Failure to file within the time specified does not invalidate a claim if the insured or claimant shows that it was not reasonably possible to file within the time specified and that notice and/or proof was filed as soon as reasonably possible.
Riders	31A-21-201(3)	Certain rider filings must include an actuarial memorandum and demonstration of the benefits and charges, if any. Examples of such riders are premium enhancements, bonus credits, guaranteed minimum account value, and guaranteed minimum income benefits.
Separate Accounts	31A-22-411 & R590-133	The contract must describe the separate accounts and any sub-accounts and explain the allocation, any restrictions and transfers between or among sub accounts including fixed accounts.
Settlement Options	31A-22-406	If the contract provides that proceeds may be payable in installments that are determinable at the issue of the contract then it shall provide a table showing the amounts and intervals of the installments. For variable annuity payments, the contract shall contain a description of how annuity payments are determined.
<b>ACTUARIAL DOCUMENTS</b>		
Actuarial Memorandum, Demonstration, and Certification of Compliance	31A-17 Part 5, 31A-22-411, R590-86 & Bulletin 99-7 Part 2(4)	Actuarial memorandum, demonstration, and Certification of Compliance must be currently signed and dated by a qualified actuary who is a member in good standing with the American Academy of Actuaries. The memorandum must describe all features of the contract both guaranteed and nonguaranteed, list all assumptions underlying nonforfeiture and reserve calculations. The demonstration must be based on guaranteed factors and it must show that values provided are in

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		<p>compliance with Utah Code and rules. Sample nonforfeiture calculations must be for representative ages and for the same amounts as in the submitted contract.</p> <p>NOTE: The actuarial memorandum must clearly identify and describe the <u>types of accounts</u> contained within the contract. For example, identify a registered modified guaranteed annuity account; guaranteed interest term accounts that are general accounts, and various separate sub-account investment options.</p>
<b>GENERAL FILING REFERENCES</b>		
File and Use, Prohibit Use of Form	31A-21-201	Utah is a "FILE AND USE" state for forms. The commissioner may prohibit the use of a form at any time upon a finding that it is, among other things, inequitable; unfairly discriminatory; misleading; deceptive, obscure; unfair, encourages misrepresentation; is not in the public interest; or it violates a statute or a rule adopted by the commissioner.
Frequent Problems Found in Filings	Bulletin 96-8	See Bulletin when preparing a form for filing.
Procedures for the Submission of Forms and Rates	R590-86 & Bulletin 99-7	See Rule and Bulletin when preparing a form for filing.
Accurate & Complete Information	31A-2-202(6)	The filing must include the signed and dated <u>certification of compliance</u> in the Transmittal Form. The company must certify that nothing in the filing has been disapproved or prohibited from use in a prior filing.

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